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PROGRAMMATIC REVIEW, INCLUDING SYSTEM-WIDE ISSUES

Activities of the Joint Inspection Unit

Report by the Director-General

Summary

Provides information on recent reports prepared by the Joint Inspection Unit and reflects the views of the Secretariat on JIU reports of direct relevance to UNIDO activities.

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Introduction

1. The Joint Inspection Unit (JIU) became a subsidiary organ of the Industrial Development Board by its decision IDB.1/Dec.22. The Unit conducts its work based on requests by Member States, on request by the secretariats of the participating organizations, or on its own initiative. The reports of JIU are submitted to the competent organs of the organizations concerned with the comments of the executive heads of those organizations and are subsequently issued as documents to the United Nations General Assembly. The present document provides information on JIU reports that are considered relevant to UNIDO, together with the comments of the Secretariat thereon.

2. Since the issuance of the most recent document to the Board on the subject (IDB.17/13), the eight JIU reports listed below have been prepared and circulated for consideration, comments and/or follow-up action. The reports are available for reference at the documents distribution counter.

JIU/REP/97/1*	Strengthening field representation of the United Nations system
JIU/REP/97/2	United Nations publications—Enhancing cost-effectiveness in implementing legislative mandates
JIU/REP/97/3	Execution of humanitarian assistance programmes through implementing partners
JIU/REP/97/4	Coordination at headquarters and field level between United Nations agencies involved in peace-building: an assessment of possibilities
JIU/REP/97/5*	The challenge of outsourcing for the United Nations system
JIU/REP/97/6*	Training institutions in the United Nations system: programmes and activities
JIU/REP/98/1	Fellowships in the United Nations system
JIU/REP/98/2*	More coherence for enhanced oversight in the United Nations system

*Indicates a report of direct relevance to UNIDO.

I. STRENGTHENING FIELD REPRESENTATION OF THE UNITED NATIONS SYSTEM (JIU/REP/97/1)

3. Field representation, the visible arm of the United Nations system, has expanded significantly since 1985 in terms of the number of representatives, staff and expenditures. Yet, despite directives to strengthen coordination, the proliferation of offices and representatives of the various organizations has hindered progress and the desired results have not been fully realized. The organizations should intensify their efforts towards a more unified, effective and efficient field presence.

4. Basic issues that this report looks into include: the resident coordinator system; cooperation between representatives in the field; relationships between field offices and headquarters; support to host countries; complementarities and division of labour to cope with specific needs of countries; efficient and effective use of tools and mechanisms; and streamlining of administrative services on an inter-agency basis.

5. Most representatives and officials within the United Nations family address themselves to their relationships with the resident coordinator and not to the more encompassing concept of the resident coordinator system. This is serious, as there is an absence of team spirit. The inspectors urge the continuous introduction of a culture of a United Nations family in the field as a united force, and not as divided and competing members.

6. The problem of coordination is compounded as a result of exponential growth of local and international non-governmental actors outside the United Nations system. In many cases, such trends are either encouraged or implicitly accepted by the host country.

7. The thematic group approach, where one agency takes a lead role in inter-agency cooperation based on some thematic goal, has on the whole proven its success. However, such coordination efforts have to overcome a trend where the programmes assume either direct execution or assumed leadership roles within an inter-disciplinary/inter-agency activity.

8. Resolutions and directives from different United Nations organizations request field representatives to coordinate their activities in a more coherent manner in response to national plans and priorities. Major mechanisms to ensure this have been inter-agency meetings and field-level committees, usually under resident coordinator leadership. The use of common facilities and services has also contributed to improved coordination and could be

the backbone for a more efficient and cost-effective United Nations family in the field.

9. As stated in the introduction to the JIU report, the review of field representation was carried out at the suggestion of UNIDO. The study resulted in nine recommendations, as summarized below:

(a) Organizations should refrain from having new representations and make use of existing ones; harmonize their respective geographical representations at the regional and subregional levels; and organizations and Governments should seek to harmonize and reach a basic government agreement covering all United Nations presence;

(b) The efforts of the United Nations organizations should lead to a single United Nations official, the Resident Coordinator;

(c) Executive heads of agencies and organizations should start a process of designating all "representatives" other than the Resident Coordinator as "Directors" or "Senior Technical Advisers" who would be part of a team under the leadership of the Resident Coordinator; funding organizations should stress their basic role as funding and managerial organizations; the inter-agency meetings and groups emanating from them should be better structured with clear mandates, division of labour and purposes; and the United Nations organizations should agree on guidelines for the minimum required information to exchange;

(d) Thematic groups with a lead agency should be further strengthened in the context of a well-defined and well-planned division of labour, responsibilities and complementarities;

(e) Organizations represented in the field should accelerate and intensify their efforts to establish and/or enhance common premises and services;

(f) The Secretary-General, in consultation with the Administrative Committee on Coordination (ACC), should designate a single high official at the United Nations secretariat to be in charge of the resident coordinator system;

(g) The creation of an interministerial "committee" or group composed of representatives of sectoral ministries and departments;

(h) Coordination at the field level, with both bilateral and non-United Nations multilateral donors, should be more institutionalized by the parties concerned;

(i) Member States at different legislative bodies should scrutinize and harmonize decisions, and the Economic and Social Council should have a primary responsibility for coordination and harmonization.

10. The implications of this report are far-reaching and should be seriously taken into account when formulating the UNIDO strategy vis-à-vis the UNIDO field representation programme. UNIDO concurs with the recommendation that the United Nations system should be represented in the field by a unified presence and the recommendation for renaming of positions. It is expected that the follow-up conclusions and recommendations of JIU will be further considered and discussed at the highest level of the General Assembly and respective decisions could largely change the present piece-meal representation structure of the United Nations agencies in the field. The question on how to integrate the future UNIDO field representation with the United Nations integrated offices should be discussed separately with the United Nations secretariat.

11. The report also invites specialized agencies to present their candidatures for the resident coordinator posts and suggests that these posts may eventually be jointly financed by all organizations of the United Nations system. This would require further clarification and guidance of the United Nations secretariat. That close cooperation with the United Nations secretariat is the only reasonable approach is also consistent with the request contained in Board decision IDB.19/Dec.4 for the Director-General to continue his efforts to contribute through UNIDO to the coordination of the United Nations system in the field.

II. THE CHALLENGE OF OUTSOURCING FOR THE UNITED NATIONS SYSTEM (JIU/REP/97/5)

12. With the United Nations system facing strong calls for reform, a policy on outsourcing would serve as a catalyst for positive change and continuing improvement. The policy should be focused on needs, alternatives and levels of quality; be user-oriented; and allow for flexibility. Although outsourcing is widespread and a long-standing practice among United Nations organizations, the lack of explicit policy statements or a strategic concept can result in its use in a rather *ad hoc* and passive manner, thereby reducing its potential benefits.

13. Three areas of potential problems need to be addressed, namely (a) respecting the international character of United Nations organizations; (b) assuring the necessary expertise to provide appropriate control and/or management of outsourced contracts; and (c) avoiding negative impact on affected staff.

14. A first requirement for the use of outsourcing is a well founded basis for determining what kinds of

activities and functions can be outsourced. Using core activities and services as the criterion for determining what can and cannot be outsourced has an inherent logic. Allowing core activities and services of an organization to be implemented by individuals who have no direct loyalty and accountability to the organization would call into question the need for maintaining the organization at all.

15. Another important area relates to the danger of an organization's losing its ability to maintain adequate management and control over outsourced activities. An organization could become captive to the contractor providing the service. Another major factor is that it could reduce an organization's flexibility and responsiveness. Finally, there is the concern that outsourcing makes an organization vulnerable to instances of bribery, kickbacks and other related forms of corruption.

16. The challenge of outsourcing is to use it as a management tool for instilling a commitment to innovation and cost-effectiveness. Meeting this challenge would mean exposing in a planned manner all appropriate activities or services to the competition of outsourcing, i.e. actively considering external as well as in-house options. To counter the possible negative impact on staff morale, the inspectors underline the critical importance of transparent communication between management and staff.

17. Assigning responsibility to a senior official for overseeing implementation of this policy would be essential. Given the relationship agreements between the United Nations and the Specialized Agencies, another important requirement would be more coordination through information sharing and joint actions. Finally, it is advised to carry out an implementation review and in-depth evaluation after a reasonable period of time.

18. Seven recommendations are directed respectively to the legislative organs or executive heads of organizations, while one addresses the General Assembly:

(a) Legislative organs should request the executive heads to prepare, for approval at the appropriate level, before the next session, a policy statement committing the organization to the use of the challenge of outsourcing as a means for achieving improved cost-effectiveness;

(b) The executive heads should prepare, for approval at the appropriate level, administrative rules and/or procedures for guiding implementation of the planned policy, assuring that organizations maintain appropriate control and management over outsourced activities, and improving cost-accounting methodologies;

(c) The executive heads should prepare, for approval at the appropriate level, changes in the secretariat structure and/or operating procedures, including the possible designation of an official to serve as "facilitator" for this purpose;

(d) The executive heads should ensure that information on the use of outsourcing is comprehensive and transparent in the regular programme budget submissions and performance reports;

(e) The executive heads should make every effort to avoid negative impact on staff affected by decisions to outsource specific activities or services;

(f) The United Nations General Assembly should request ACC to (i) develop a system-wide definition of outsourcing; (ii) encourage increased sharing of experiences among organizations, and (iii) explore possibilities for joint and coordinated actions;

(g) Legislative organs should decide to review and evaluate the implementation of the approved policy on outsourcing three years after it has been initiated and request executive heads to submit a report for that purpose on the implementation of the approved outsourcing policy.

19. The report offers a good overview of outsourcing in the system and raises some valid issues, such as the need to ensure in-house "core" competencies and the ability to manage and control outsourced activities. Although some organizations may not have explicit policy statements on outsourcing, it is covered by existing controls and procedures and by implicit policies. However, each organization must be free to develop a policy appropriate to its own circumstances, since different mandates, operational environment and business practices call for different approaches to outsourcing. UNIDO agrees that it would be useful to have a system-wide definition of outsourcing and that sharing of experiences should be encouraged. Due attention should also be given to the issue of possible negative impact on staff as well as the need to respect the international character of United Nations organizations.

III. TRAINING INSTITUTIONS IN THE UNITED NATIONS SYSTEM: PROGRAMMES AND ACTIVITIES
(JIU/REP/97/6)

20. In these times of dramatic organizational changes, the United Nations system organizations must invest in training with the objective of enhancing the ability of staff to cope with new legislative mandates and preparing them to adapt to change and assume new tasks. The organizations increasingly recognize training as an essential activity and top-priority component of human resources management, and encourage their staff to undergo regular training. Despite serious financial problems, several have

maintained and even increased the resources devoted to training.

21. There is a growing tendency to place more emphasis on job-related training. Probably the most acute need throughout the system is for management skills, followed by technical skills. (While language training still accounts for a large proportion of training budgets in most organizations, UNIDO, because of its financial crisis, is reviewing its language training programme.) Inspectors feel that the most serious problem hindering training activities may be the absence of coherent training strategies, policies, guidelines and standards observed in respect of both single organizations and the system as a whole.

22. In the inspectors' view, training programmes and activities can best be strengthened through cooperation primarily among the main United Nations system training and research institutions. The following four recommendations were made:

(a) An effective and flexible division of labour should be established among the main United Nations system training and research institutions, complemented by continuing full access to all training activities by all beneficiary and target groups of the training institutions;

(b) Recognizing that training programmes and activities can best be strengthened through cooperation primarily among the main United Nations training and research institutions, legislative organs should encourage strengthening of the present informal arrangements through the establishment of a more structured mechanism. A database to be developed by the ACC machinery would furnish a sound basis for the mechanism to establish training priorities;

(c) The General Assembly should ask ACC to submit to the respective legislative organs an evaluation report on the use and impact of activities of the training institutions under their jurisdiction;

(d) The legislative organs should decide to consider all major training issues under a single item of their respective agendas with a view to enhancing the transparency and visibility of the activities and, at the same time, stimulating cooperation and coordination.

23. UNIDO welcomes the study and agrees with the thrust of the recommendations. The extent to which training activities should be considered under agendas of the UNIDO policy-making organs would be determined by the governing bodies. The Secretariat emphasizes the importance for training institutions in the system to cooperate in order to provide training that addresses specific needs of United Nations organizations and to announce training possibilities via the Internet to ensure a wider use of their services.

IV. MORE COHERENCE FOR ENHANCED OVERSIGHT IN THE UNITED NATIONS SYSTEM (JIU/REP/98/2)

24. Member States increasingly have called for enhanced oversight in the organizations of the United Nations system. The current emphasis on change and reform in the system, coupled with the need to engender more trust and confidence between Member States and secretariats, makes enhanced oversight all the more important. This report urges that, in efforts to meet this objective, more attention on coherence in the conduct of oversight is required now.

25. While there is a need for more clarity and commonality in the sense of shared attributes, the report certainly does not argue that there should be uniformity in conducting all aspects of oversight throughout the system. In fact, the recommendations were developed carefully to avoid infringing on the separateness and independence of the different organizations.

26. The report addresses the problem of over-reliance on oversight mechanisms as a panacea for shortcomings in organizational performance. It provides a description and analysis of the current oversight infrastructures, focusing on the operational oversight mechanisms that are typically at the start of the process. The "review" mechanisms tend to be closer to the end of the process since it is their role to assist Member States in analysing the initial input in coming to a final decision. As this process relates more closely to political issues, the report restricts itself to consideration of those mechanisms responsible for providing the initial objective information to the decision makers. The report concludes with a discussion of the need for more coherence in oversight for the United Nations system.

27. The basis for efforts to enhance oversight in the system is recognition and understanding of the concept of shared responsibility among (a) Member States; (b) senior management, including oversight officials; and (c) the external oversight mechanisms. It is the job of oversight mechanisms to identify problems and weaknesses, as well as opportunities for management improvements, but not to assume operational responsibilities. It is the primary responsibility of the external auditors to provide to Member States objective information, advice and recommendations regarding administration and management. In recognition of the role of senior management as "the first line of oversight," the external auditors and JIU also interact directly with the executive head of the organi-

zation. While the external oversight bodies are charged with drawing attention to deficiencies and recommending corrective action, they explicitly serve in an advisory role and have no executive authority.

28. More is needed from all three partners in order to be fully effective. Member States do not always give adequate attention to reports, while the secretariats are sometimes slow in providing information. The oversight bodies may also fail to address issues of concern or make recommendations that are sufficiently timely, realistic, specific, cost-effective and implementable. Six specific recommendations were made:

(a) Legislative organs should request the executive head to submit for approval an optimal plan and an indication of the related personnel and financial requirements;

(b) Legislative organs should request the executive head to submit a consolidated annual summary report that concisely provides (i) issues and achievements; (ii) recommendations made and status of action thereon; (iii) required action by executive head or legislative organs;

(c) Oversight mechanisms should include in their reports to legislative organs a description of good practices;

(d) JIU should provide reports on system-wide issues and problems, as well as good practices;

(e) Oversight mechanisms should seek to establish a more active community for encouraging further networking, information sharing, and professional development;

(f) Within the context of shared responsibility, oversight mechanisms should seek opportunities to enhance dialogue with representatives of Member States and secretariats, in order to be more responsive to concerns about oversight, to foster the role of oversight in the change and reform process, and to assure a fuller understanding of the comparative roles of the different oversight mechanisms.

29. UNIDO agrees that a common biennial plan on oversight could be made where possible overlap or areas of cooperation would become visible. Currently, the internal and external oversight bodies do report and coordinate with each other on their audit agendas. Internal oversight activities are also reported as part of the Annual Report, and Evaluation provides information on "good practices" in the same report. UNIDO also believes that more cooperation and sharing of information among the oversight bodies of the United Nations system would be beneficial.

V. JIU STUDIES PROPOSED BY UNIDO

30. As mentioned in paragraph 9 above, the JIU study on field representation was undertaken at the suggestion of UNIDO. Other system-wide issues for study proposed by UNIDO are:

(a) **Governance process**: a study on the manner in which governing bodies guide and oversee the work of the respective organizations.

(b) **Delegation of authority and accountability**: a study on how to achieve a balance between decentralization/delegation and coordination/control/accountability, particularly in the context of the decentralization of functions to the field offices.

(c) **Fees collection/cost recovery**: a study on practices to introduce a system of collection of "fees" for services, and other means of recovering part of costs.

VI. ACTION REQUIRED OF THE BOARD

31. In compliance with the provisions of the statute of JIU and resolution 48/221 of the General Assembly providing that the recommendations made by JIU should be considered and approved by Member States prior to their implementation by the organizations, the Board may wish to review the recommendations of JIU together with the views of UNIDO thereon as well as the JIU studies proposed by UNIDO and provide policy guidance for follow-up action.